

Washington Horse Racing Commission  
Meeting Minutes  
August 14, 2015

Present were: Jeff Colliton, Chairman; Paul George, Commissioner; Dr. Everett Macomber, DVM, Commissioner; Representative Joe Schmick, Legislative Ex-Officio Member; Representative Strom Peterson, Legislative Ex-Officio Member; Isaac Williamson, Assistant Attorney General; Doug Moore, Executive Secretary; Patty Brown, Confidential Secretary.

Jeff Colliton, Chairman welcomed Representative Strom Peterson as a newly appointed Legislative Ex-Officio Member replacing Representative Eileen Cody.

Item #1. Approval of the meeting minutes of June 12, 2015.

Chairman Colliton called for any comments or changes for the draft minutes as submitted for the June 12, 2015 minutes.

Commissioner Macomber had no changes but asked Bob Fraser about the new satellite at Club Hollywood. Mr. Fraser said they've had a great, very successful response to the new site; a few large players are now going to Club Hollywood. He said it was like day and night between the new location and the old one. The management there is very interested in horse racing. On a side note, Mr. Fraser said the location in Vancouver is closing and another is taking over and would be submitting the new application soon. Mr. Fraser also said he's been looking at the Clearwater Casino and the Squaxin Little Creek Casino in Olympia as possible sites.

Commissioner Macomber moved to approve the June 12, 2015 minutes as submitted. Commissioner George seconded the motion. Unanimously approved.

Chairman Colliton thanked track management and said how much the Commission appreciated Emerald Downs for the greeting on the new big screen welcoming the Commission to the track today.

Item #2. Commissioners' report.

Commissioner Macomber said he been pretty busy and had attended the Washington Thoroughbred Breeders and Owners Association (WTBOA) annual meeting; he said they had good discussions, good information, and a very good turnout. He also attended the National State Legislators conference in Seattle. He had replaced a last minute conflict for a fellow veterinarian that was supposed to attend who had broken their foot and subsequently had asked him to attend. He said it was also well attended and he had enjoyed the meeting and the opportunity to talk horse racing and the medication issue with the Legislators. He also attended the Association of Veterinary Medicine Association meeting in Boston, Mass., where the issue of horse racing and medication is on everyone's mind. There was a lot of good discussion on that. Commissioner Macomber attended the Longacres Mile breakfast, he said there was good attendance. He also met with Congresswoman Jaime Herrera Beutler and discussed information regarding the medication issues and the bills introduced. He said there will be further discussions forthcoming.

Commissioner George said he'd met with Will Brewer, President of the WTBOA who was visiting farms in Eastern Washington, they had visited Todd Pulse's ranch and during lunch met up with Jerry Maggard, a

prominent Yakima developer who is very involved with horse racing. Commissioner George announced that this would be his last season as a Commissioner with the Horse Racing Commission. He is going to complete the final four meeting of 2015 but due to having knee problems, and with great regret he felt it was time to resign. He also said he would love to go to the Mile, but due to conflicting engagement he wouldn't be able to attend.

Chairman Colliton thanked Commissioner George for his many years of service and thanked him for making the announcement giving the Commission the opportunity some time to select a replacement.

Commissioner Colliton spoke about the USADA push by an outside agency to bring them in as a controlling agency for medication testing. He said personally he is totally against this, he thanked Commissioner Macomber for talking with legislators about the issue and said that he had spoken with Congresswoman Cathy McMorris-Rogers, U. S. Representative about this issue. He said this is not a good thing, it is costly; there was an article regarding a problem in the track and field industry and in the boxing industry that USADA didn't discover. He also said that at the next ARCI meetings there will be more discussions. He said this would be a major challenge for our industry. Chairman Colliton thanked Phil Ziegler for the big board in the infield. He said the ARCI July meeting will be held in Seattle, and they will be able to attend Emerald Downs. The dates they are looking at are about a week or two before SeaFair, around mid July Doug Moore said. Chairman Colliton said that more and more Mr. Moore is the go-to guy for model rules questions. Mr. Moore said the Deadwood meeting was uneventful, talk was about Cobalt, he said that two recent medication violations were overturned and that the WHRC is doing the right things. The Courts overruled because the violations were set on non-published, peer reviewed thresholds and it was discovered there was human contamination causing the positives. Dr. Tobin is working quickly on methamphetamine thresholds and Dr. Barker said this is needed to be prepared for issues, every sample could contain some contamination and the horsemen are not really doing anything wrong.

### Item 3. Industry reports.

#### a. Emerald Downs.

Phil Ziegler, President, Emerald Downs, said they're doing well in the industry, not a single race had been run on an off track. The big screen went live two weeks ago and the reaction was huge when the replay was on the big screen. Overwhelmingly positive response. All is good, Ed Comins was in attendance from a hopefully newly approved advanced deposit wagering site, WatchandWager.com. All promotions are working well, new events have been well responded to. Mr. Ziegler said great marketing, the biggest week was last week, even over last year. Ms. Sophia McKee, Director of Marketing, showed t-shirts for the American Pharaoh giveaway. The Seahawks will be on the 13<sup>th</sup> at 10AM. Emerald Downs has had a great season. The food truck event was expanded to two days. Mr. Jack Hodge said there's about 200 head here over last year. He attributed that to Turf Paradise, asking for same stall space and bringing more horses. He reported 6.82 starters per race exceeding his goals. There were 6.41 horses per race through last Sunday, usually by now the population starts shrinking. Mr. Moore asked if any were from Boise. Mr. Hodge said a couple have come. Mr. Hodge said they'll be looking for a new track superintendent, Wayne Damron is retiring next year. He's been twenty years at Emerald Downs, and was the track super at Yakima when Emerald was running there. Commissioner George asked about a quarter horse futurity at Emerald Downs and Mr. Hodge said he's applied for them, but so far nothing, they do have the quarter horse challenges and the AQHA gives part of the purse for.

Chairman Colliton asked Ms. McKee about the Emerald Racing Club. Ms. McKee said their first horse was claimed on the first start, but that's part of the game. They managed to claim him back at a \$15000 claiming price. Their second horse, Tribal Waters, had terrible rides, they changed the rider and he did very well. Tribal Waters is running Sunday after the mile race.

Commissioner Macomber asked Ms. McKee where to next. She hadn't really thought about that, some opportunity to develop more advanced clubs, yearlings, two year olds, breeding, whatever it is, needs to be well thought out. The time commitment and monetary commitment some might not be comfortable with that part of it.

Commissioner Macomber asked Mr. Hodge if the people from Turf Paradise are coming back because of the incentive program or the result in racing. Mr. Hodge said both. The purse structure shows they are doing well, some have left early but vowed to return and they are also talking about Emerald Downs helping to get people to come here. Although he couldn't guarantee the same weather next year. All signs are good.

Commissioner George asked about the winning percentage of winning favorites. Mr. Hodge said about 30% usually. Mr. Ziegler said he'd noticed that it was about one-third.

b. WHBPA.

MaryAnn O'Connell, Executive Director, WAHBPA, said the national convention was in Denver. They'd had USADA discussions. She said the bill is for thoroughbreds only, run by a board with no horse racing experience, and leaving the burden of funding it from the industry, it is the Jockey Club's attempt to eliminate Lasix. It was said that the bill would not affect the Interstate Horse Racing Act, but if you don't participate, you cannot buy or sell signals for simulcasting. This would ruin small tracks especially. Emerald Downs is considered a small track to them. The medication forum main highlight was the Xylazine case in Washington. The labor issue in racing, by not paying overtime to salaried employees. results in being audited by Department of Labor and if found not in compliance, they are heavily fined.

Commissioner Macomber said this topic came up with Representative Jaime Herrera Beutler, regarding the immigration laws, working in agricultural and timber industries. She is aware of this and there have been a lot of discussion at the federal level also.

c. WTBOA.

Will Brewer, President, WTBOA, has been very busy, with sale on Tuesday. He said the entries at Emerald Downs that 53 percent were WA bred and 48 percent wins were WA breds. The annual membership meeting was held and he thanked Commissioner Macomber for attending. It was a huge success and there was an increase of attendees at the meeting. Mr. Ziegler was a keynote speaker. He spoke of where Emerald Downs is going. Mr. Brewer spoke about new programs were introduced, bonuses to people who have home breds that break their maiden with a purse of \$25,000 or more as a two year old get a \$1000 bonus along with the purse money. Changes in the sales incentive program, is spread out to more people, to get more owners. Emerald Downs offered the program to buy here and win here, you get an incentive. A new brood mare program beginning as in the racing club, where you can participate by paying the membership fee, but make it for brood mares. For the sale on Tuesday, there are 101 horses to go through the ring, he said he was cautiously optimistic. He is shooting for

\$1.43 million for the sale. The statistics from the Jockey Club assess an increase in foals for Washington in 2016. Commissioner Macomber asked about the stallion reports, Mr. Brewer didn't have the numbers yet. He said he would get those soon and forward them on.

Item #4. ADW License Hearing - WatchandWager.com.

Mr. Moore presented the application to conduct advance deposit wagering (ADW). This license would take effect August 15, 2015 through expire on August 14, 2016. Staff conducted an investigation and found nothing detrimental. Staff recommended approval. Mr. Edward Comins, President of WatchandWager.com was present and answered questions.

Mr. Ziegler said he was excited to work with them, happy to have them on board.

Commissioner Macomber moved to approve the license application of WatchandWager.com. Commissioner George seconded the motion. Unanimously approved.

Break. 10:57AM. Reconvened. 11:15 AM.

Item #5. Approval of Stipulated Agreement – Mike Puhich.

Mr. Moore presented a stipulated agreement between the WHRC and Mr. Michael Puhich and if accepted, Mr. Puhich would accept the reduced violation of \$600 fine and if approved by the Commission the matter would be closed. Mr. Puhich has already signed the agreement on July 28, 2015.

Commissioner Macomber moved to approve the Stipulated Settlement Agreement between the WHRC and Mr. Michael Puhich. Commissioner George seconded the motion. Unanimously approved.

Item #6. Adoption hearing:

a. WAC260-70-580 Official Veterinarian's List.

Mr. Moore said the amendment, which the WHRC has been operating under since June, reduces the time a horse is on the Vet List. Due to the change in entry times, when no vet is available, the horse could sit on list as many as 21 days.

Commissioner Macomber said the change is working and moved to approve the amendment to WAC 260-70-580. Commissioner George seconded the motion. Unanimously approved.

Item #7. Annual License Fee review.

Mr. Moore presented the annual license fee study prepared by Ken Mitchell, part-time WHRC Financial Manager. Mr. Moore said the bottom line is that there is no need to make any adjustment in the licensing fees for 2016.

Chairman Colliton moved to accept the license fee study for 2016. Commissioner Macomber seconded the motion. Unanimously approved.

Item #8. Executive Secretary report.

a. Wagering Recap (June/July 2015)

Mr. Moore said the wagering recap for June and July 2015, is up 6.57 percent in handle; for the fiscal year, the handle is down 3.3 percent; but for the race year down 1.6 percent, he noted that this percentage decrease was much more in the prior years. He said we may end on a positive for the race year.

b. Monthly Financial Statement (May/June 2015).

Mr. Moore explained the revenues and expenditures and said the fund balance ending in June is \$921,883. Mr. Moore announced that Bill Dewey is going to retire when his home sells which is now on the market. He said that he is looking to outsourcing Internet Technology for the WHRC rather than hire someone to take Mr. Dewey's place.

Mr. Moore said the Biennium budget has been submitted. He pointed out that the bulk of expenditures are on salaries and benefits, grants, and client services.

Item #9. Any other business that may be properly brought before the Commission.

Commissioner George talked about the inability of the Commissioners to wager on simulcast wagering and suggested that the Commission try to once again go before the Executive Ethics Board (EEB) to ask the board to revisit their decision. He said things have changed, we're on a new page and the issue still remains that this is terribly unfair for a racing commissioner to be prohibited from wagering on the races like the Kentucky Derby and the Triple Crown in whole. He recommends that the Commission consider asking the EEB to reconsider the right to wager on simulcast wagering.

Chairman Colliton requested attendance and travel reimbursement for Mr. Moore to attend the Race Track Industry Symposium in December. Commissioner George moved to approve the request. Commissioner Macomber seconded the motion. Unanimously approved.

Chairman Colliton said the next meeting would be on September 11, at the Auburn City Council Chambers.

Meeting adjourned.

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Doug Moore, Executive Secretary